# COMPLETE TEXT OF THE CONTRACT FOR FEDERAL CONTROL OF RAILROADS

# LAWYERS AGREE ON COMPACT WITH U.S.

Continued from First Page.

the money used was derived from loans The old form of contract ignored the tion of payment for fuel, material supplies obtained from mine or oil

field, or other source of supply owned or controlled by the company, as well as the depiction of such sources for the use of other raliroads. The new contract expresses the understanding that the Dirent market value thereof as the price charged the company during the three years ended June 80, 1917, bore to the then cost or market value. In other words, the practices of the companies are kept up and the provision is added limiting the use on other transportation systems to cases of emergency, in which edequate compensation is provided.

Not Liable for War Damage. Another important clause in the new contract is the statement that "the Di-rector-General shall not be liable to the company for any loss or damage due to

on that any railroad property al is required in the new contract General is required in the new contract inserted for convenience merely and are not to be used in the construction of the burse the company the value of the property destroyed or the amount of the amount of the damage at the time of the loss, and such of paragraph (c) by any company deuses where the railroad has had the ractice of spreading such losses over ore than one year, in which case the

In case the railroad presidents at Fri-day's meeting accept the proposed con-tract, and an asceptance will be urged by the railroad lawyers, who have con-ducted the negotiations in Washington, their signatures will be attached, and the

#### Preamble and Recitals.

This agreement made this --- day of — 1918, between William G. McAdoc, Director-General of Railroads, herein-after called the Director-General, acting on behalf of the United States and the President, under the powers conferred or him by the proclamations of the President hereinafter referred to, and the pany, a corporation duly organised ler the laws of the State(s) of —, pereinafter called the company. Witnesseth that:

(a) Whereas by a proclamation dated coember 26, 1917, the President, acting under the powers conferred on him by the Constitution and laws of the by the Constitution and laws of the United States, by the joint resolutions of the Senate and House of Representatives bearing date April 6 and December 7, 1917, respectively, and particularly under the powers conferred by section 1 of the act of Conserved April 29 the act of Congress approved August 29. priations for the support of the army for the fiscal year ended June 30, 1917 and for other purposes," took possession and assumed control at 12 o'clock noon on December 28, 1917, of certain railroads and systems of transportation, in cluding the railroad and transportation system of the company and the appur-tenances thereof, and directed that the control, operation and utilizaion of the transportation systems thus taken shall be exercised by and through William G. McAdoo, appointed Director-

Whereas the Congress of the United States by an act approved March taken over as working cash capital, the 21, 1918, hereinafter called the Federal use of which the Director-General is to control act, has authorized the President to enter into agreements with the terest; and tems thus taken over for the maintenance and upkeep of the same during the period of Federal control, for the determination of the rights and obligaions of the parties to the agreemen arising from or out of Federal control the compensation to be re-guaranteed, and for other purposes, as in said act more fully set out, and authorized the President to exercise and authorized the President to exercise should properly be given to materials any of the powers by said act or there-tofore granted him with relation to Fed-taken over. eral control through such agencies as he

(c) Whereas by a proclamation dated March 29, 1918, the President, acting under the Federal control act and all other powers him thereto enabling, authe Director-General, either personally or through such divisions and in his own name or in the name of such divisions, agencies or persons, or in the name of the President to agree with the carriers, or any of them, or with any person in interest, upon the amount of compensation to be paid pursuant to law, and to sign, seal, and deliver in his own name or in the name of the President or in the name of the United States such agree ments as may be necessary and ex-pedient with the several carriers or other persons in interest respecting compensapersons in interest respecting compensa-tion or any other matter concerning which it may be necessary or expedient to deal dient and to issue any and all orders sary and expedient in connection with the Federal control of systems of trans-portation, railroads and inland waterways as fully in all respects as the reason of the diversion thereof or other President is authorized to do, and gener-wise which has been or may be caused acts and things and to exercise all ther act in relation to the subject hereof the President is authorized to do and

rallway operating income of the com-pany, computed in the manner provided in section 1 of the Pederal control act - dollars, subject to such changes ports of the company used by the ome may be brought into conformity with the accounting rules or regulation of the Commission in force at the tire

Now, therefore, the parties hereto, the rights, ach in consideration of the agreements except as fixed in this agreement. of Now, therefore, the parties nereto, thereof, hor the views, nor the rights, other transportation systems, except as fixed in this agreement, of cases of emergency to be determined by ef the other herein contained, do hereby either party as to just compensation or the Director-General, in which event the ovenant and agree to and with each otherwise.

## Section 1-Privity, Alterations,

Section 1. (a) This agreement shall binding upon the United States, the Director-General and his successors and amounts collected or realized on by

may be altered, amended or added to by and only by mutual consent signified by listruments in writing signed by the Director-General and by some officer of the company thereto duly authorized by the board of directors of said company.

(c) Whenever in this agreement the words "Federal control" are used to indi-cate a period of time they shall be un-ferstood as meaning the period from 12 derstood as meaning the period from 12 o'clock midnight of December 31, 1917, to and including the day and hour or which said control shall cease. (d) Wherever in this agreement the words "test period" are used they shall be understood as meaning the period between July 1, 1914, and June 80, 1917, both inclusive.

(e) Wherever in this agreement the words "standard return" are used they shall be understood as meaning the average annual railway operating income of the company, computed in the manne trol act and ascertained and certified by

(f) Wherever in this agreement the words "Director-General" are used they shall be understood as designating William G. McAdoo or such other person as
the President may from time to time
appoint to exercise the powers conferred
on him by law with relation to Federal
control, and wherever by this agreement
eny notice is to be given by the DirectorGeneral the same shall be given in his
name by any subordinate thereto duly
authorized.

(g) The descriptive words at the
heads of the several sections of this
agreement and the table of contents are
inserted for convenience merely and are tam G. McAdoo or such other person as

inserted for convenience merely and not to be used in the construction of

costs are to be charged to annual rail-way operating expenses and not to the rental received by the railroad, except in agreement specifically given to the com-mission, it is hereby further provided that if in respect to any question arising under any provision of this agreement whether of application, amounts, values payments, prices, costs, adjustments, ac-counts or however otherwise arising the parties after the matter has been duly presented to the Director-General are unable to agree, the matter shall then be referred, upon application either of the Director-General or the company, of the Director-General or the company, blanket contract will be presented to Director-General McAdoo for his signature as soon as he reaches Washington. He is expected to return to that city about July 20.

empleted form ready for acceptance at Section 2-Property Taken Over. Sec. 2. (a) The company's railroad and system of transportation, of which the President has taken over possession, sidered as including the following roads

> (Here insert list of roads, noting names, principal termini, &c.)
> with all the roads and prop

erty and the appurtenances thereof, whether included in the foregoing list or or which if then revenue bearing would have been used in computing the company's standard return, including ..... (Here insert in general terms reference

to tracks, bridges, equipment and such other particular items of property as may be appropriate and agreed on in favor of the company respecting in dustial leases and other matters as may be agreed on.)
(b) All materials and supplies

and at midnight December 31, 1917 (This item to be supported by an in ventory, which, however, is not to be incorporated in the contract except by (c) All balances in the account or ac-

counts representing the total of "net balance receivable from agents and conductors" as of midnight December 21,

cash in addition to the foregoing

(Here insert list of such other operating assets and of any deposits or funds as 

\*Roughly speaking, the amount of this item should be about one month's ex-pense, modified by such consideration as

Section 8-Acceptance by Company Sec. 8. (a) The company accepts all authority of said act or of that portion of the act approved August 29, 1916, re-ferred to in paragraph (a) of the preamble to this agreement which author ized the President in time of war to take possession, assume control and utilize systems of transportation; and the company further and expressly accepts the covenants and obligations of the Direcor-General in this agreement set out and the rights arising thereunder to full adjustment, settlement, satisfaction rights, at law or in equity, which it nov has or hereafter can have otherwise that eral, or any agent or agency of either. for compensation under the Constitution and laws of the United States for the taking of its property or for the posses-sion, use, control and operation thereof during Federal control, and for any and all loss and damage to its business by nd perform all and singular by said taking or by said possession, con-

No claim is made by the company for December 31, 1917; and the revenues of perform; and

(d) Whereas the Interstate Commerce and the expenses thereof shall be paid Commission has certified to the President by the company, sllocated in both cases that the amount of the average annual as provided in paragraph (b) of section

ve or upon the request of the Director-General, chall take all appropriate and necessary corporate action to carry out rections as the Commission may necessary corporate action to carry out the determine and certify to be the obligations assumed by it in this of the company used by the by or pursuant to the proclamation of the company used by the by or pursuant to the proclamation of sion as the basis of computing December 26, 1917, or by the Federal

(c) Nothing in this agreement shall be ting, or in order to correct | ment concerning the ownership, control such accounting or in order to correct their company, or the to safeguard its own of method or basis of the capitalization not be depicted or reduced by the capitalization of t

#### Section 4-Operation and Accounting During Federal Control.

Sec. 4. (a) All amounts received by Director-General and his successors and applies of the company, its successors and assigns

This agreement shall not be construed as creating any right, claim, privilege or benefit against either party hereto in favor of any State or any subdivision

The company of arising from the company of the company of

prior to January 1, 1918, including reparation claims, and may pay and charge to the company any of such expenses, including reparation claims, in excess of the cash so received or realized. Balances of the above accounts, except the cash taken over as working capital, shall be struck quarterly on the last days of March, June, September and December of each taken over a seat the cash balance. of each year, and the cash balance found on such adjustments to be due either party shall be then payable, and if not paid shall bear interest at the rate of 5 per cent. per annum unless the parties shall agree upon a different rate. Overdue instalments of compensation or balances thereof provided for in section 7 hereof shall bear interest from maturity at the rate of 5 per cent. per

(b) Railway operating expenses, reparation claims, hire of equipment and joint facility rents shall be allocated with reference to the time when in-curred as between the period prior and subsequent to midnight of December 31, subsequent to midnight of December 21, 1917, in accordance with the established accrual practices of the company; and a like method of allocating railway operating revenues shall be made at the end of Federal control.

#### Regulates Interest Charges.

(c) All expenditures made by the Director-General during Federal control begun prior to January 1, 1918, shall be charged to the company, and if the completion of any such addition, better-ment or extension is approved or or-dered by the Director-General, the company shall be entitled under the provisions of paragraph (d) of section 7 hereof to interest on the cost thereof from the completion of the work; but in the compensation provided for in paragraph (a) of section 7 thereof) shall be due the Company upon any such ex-panditures for work done prior to Jan-uary 1, 1918. Payments for all equipalso be considered as expenditures made by order or approval of the Director-General under paragraph (d) of section 7 hereof. Interest during construction payable under this paragraph and also interest during construction on the cost of any additions, betterments and extensions made by the company or at its expense to the company's property dur-ing Federal control, shall be included in cost of the work.

## Pension Funds and Obligations

(e) Any funds taken over as provided in paragraph (e) of section 2 hereof shall be maintained by payments and charges to appropriate operating ex-pense accounts and used by the Direc-tor-General during Federal control sub-

commission and to the cooperation of nant the company in the making of such valu-

shall be final.

(g) The Director-General shall furpurchased by him and held for use in connection with the company's property in so far as, in his judgment, he can do so with due regard to his own require-Materials and supplies so fur-

Contracts for Fuel, Supplies, &c

(h) The Director-General shall, at company in respect to the benefits and obligations of any contract in relation to operation (and of any contract out-standing on said date in regard to fuel, materials or supplies for operation, in-cluding the right to abrogate or change and make new contracts with express companies for such period), and shall in like manner, at his option, be substituted for such period in respect of the benefits and obligations of any practice or arrangement in force January 1, 1918, in regard to fuel, materials or supplies (d) Ther in regard to fuel, materials or supplies for the operation of the property described in paragraph (a) of section 2 hersof and of any additions and extensions thereto obtained from any mine, oil field or other source of supply owned or controlled by the company; it being control oil field or other source of supply owned eral cor or controlled by the company; it being control, understood that under such practice or (e) I arrangement, if availed of, the Direct General shall be supplies or material furnished from a source owned or controlled by the com-pany a price which bears the same re-lation to cost or to the current market value thereof as the price charged the company during the test period bore to the then cost or the then market value thereof as the practice of the company

construed as expressing or prejudicing may have been:
the future policy of the Federal GovernProvided, however, that a source of supply which the company had acquired safeguard its own operations shall the depleted or reduced for use on quantity so used on other transportation systems shall be accounted for to the company at the fair value thereof; and supplies secured under contracts which the company has made for its opera-tions shall, so far as practicable, be used on the company's property, and that, if used on any other transporta-

(1) The Director-General shall pay, or save the company harmless from, all ex-penses incident to or growing out of the possession, operation and use of the property taken over during Federal con-trol, and all rents called in the monthly records. ments or decrees that may be recovered or issued against, and all fines and penalties that may be imposed upon, the company by reason of any cause of ac-tion arising out of Federal control or of anything done or omitted in the posses-sion, operation, use or control of the company's property during Federal con-

(j) The Director-General shall save the company harmless from any and all liability, loss or expense resulting from or incident to anything done or omitted during Federal control in connection with or incident to operation or existing contracts relating to operation; and shall do and perform so far as is requisite under Federal control for the protection of the company all and singular the things, of which he may have notice, necessary and appropriate to prevent, by reason of anything done or omitted processary and appropriate to prevent, by the order of the Director-General during Federal control, he shall expend and charge to annual rallway operating expenses such sums either in payments for labor and materials or by payments into funds, as may be requisite for the proper maintenance, repair, renewal, retirement and depreciation of such property until the things, of which he may have notice, necessary and appropriate to prevent, by the shall expend and charge to annual rallway operating expenses such sums either in payments for labor and materials or by payments for labor and materials or by payments into funds, as may be requisite for the proper maintenance, repair, renewal, retirement and depreciation of such property until the things, of which he may have notice, necessary and appropriate to prevent, by the shall expend and charge to annual rallway operating expenses such sums either in payments for labor and materials or by payment (1) The Director-General shall save of the company all and singular the things, of which he may have notice, to inspect its property at all reasonable times during Federal control and the Director-General shall provide reasonable facilities for such inspection.

(h) If any question shall arise either during or at the end of Federal control as to whether the covenants or property in this section contained are before operation. The Director-General shall ing or have been observed the matter pany in any mortgage or other instru- such findings and order as justice

paragraph shall be construed to be an parties hereto, except that either assumption by the Director-General of may take any question of law to to make him liable on, any obligation of the company to pay a debt secured by ports to the commission, equipment rents

and toint facility rents. (k) In carrying out the provisions of paragraphs (a), (b), (c) and (d) of this section and the provisions of Section 6 hereof the Director-General shall not settle any claim by or against the com-

amount found due either party shall be at all reasonable times to inspect the then payable and if not paid shall bear books and accounts kept by the Di-interest as provided in paragraph (a) of rector-General relating to the property

Section 5-Upkeep of Properties Sec. 5 (a) During the period of Fed. eral control the Director-General shall, except as to the properties mentioned in paragraph (h) of section 4 hereof, antor-General during Federal control substantially in the same manner as prior to January 1, 1918. All sums paid by the Director-General to maintain pension funds or pension obligations or practices and all contributions to the Young Men's Christian Associations of employees, employees savings funds, relief funds or associations, reading rooms, or death benefits for employees, shall be treated as a part of railway operating expenses during Federal control.

(f) All salaries and expenditures incurred by the company during Federal curred by the company during Federal equipment as it was on January 1, 1918; control for purposes which relate to the existence and maintenance of the corporation, or to the properties of the corporation, or to the properties of the corporation. control for purposes which relate to the concentrol for purposes which relate to the existence and maintenance of the corporation or to the properties of the company not taken over by the President, or to negotiations, contracts, valuations or thereof over the same, or the payment thereof over the same, or the payment thereof, lawany business controversy with the Gov-toto funds, or any amount equal in the ernment or any branch thereof, and aggregate (subject to the adjustments) which are not specially authorized by the Director-General, shall be borne by the company; except that the expense of valuation now being made by the commission to the extent that they are derived for the opinion of the Director-General sion in railway operating recommission. in the opinion of the Director-General sion in railway operating expenses dur-necessary to comply with the valuation ing the test period shall be taken as a orders and other requirements of the full compliance with the foregoing cove-

the company in the making of such valu-tion, shall be paid by the Director-General may ex-eral as a part of operating expenses. If the company is dissatisfied with the rul-ing of the Director-General it may ap-justments provided in paragraph (a) in the section of this section (subject to the ad-justments provided in paragraph (a) in the section of the paragraph (b) as may be requisite eat to the commission, whose decision of this section) as may be requisite shall be final.

(g) The Director-General shall furnish for additions, betterments and extensions to the company's property approved or ordered by him any of the materials and supplies taken over under paragraph (b) of section 2 hereof, or paragraph (b) of section 2 hereof, or should have been during said period; purchased by him and held for use in and the amount of which several extensions. and the amount of such excess expendi tures during Federal control shall be made good by the company as provided in paragraph (b) of section 7 hereof.

> Cost of Labor to Be Considered. (c) In comparing the amounts exsions of paragraphs (a) and (b) of this section, with the amounts expended and charged during the test period, due

allowance shall be made for any difference that may exist between the cost of labor and materials and between the amount of property taken over and the average for the test period, and as to paragraph (a) for any difference in use between that of the test period and during Federal control, which in the opinion of the commission is substantial enough to be considered, so that the re-sult shall be, as nearly as practicable, the same relative amount of physical

(e) If during Federal control any of

the property described in paragraph (a) of section 3 hereof or any replacement thereof or addition or extension thereto is destroyed or damaged otherwise than by fire or public enemies, and is not restored or replaced by the Direc-tor-General, he shall reimburse the company the value of the property destroyed or the amount of the damage at the time of the loss; and the cost of restoration or replacement of said value cor ation or replacement of said value or damage, as the case may be, shall be charged to annual railway operating expenses; provided, however, that it the commission on application of either party shall, after giving due consideration to the practice of the company during the test period in respect to such matters and to any pertinent facts and circumstances, determined that it is just and reasonable that the said cost of additions and betterments and reasonable that the said cost of additions and betterments and reasonable that the said cost of additions and betterments are the Director-General shall not be respected to support its cerperate organic properties organic places. The Director-General shall not be respected to support its cerperate organic places and provided to give the notice thereof provided in paragraph (a) of this section of loss in respect thereto may be given the Director-General within ninety days after the execution thereof; and such claims shall thereafter be proceeded with ninety days after the execution thereof; and such claims shall thereafter be proceeded with ninety days after the execution thereof; and such claims shall thereafter be proceeded with ninety days after the execution thereof; and such claims shall thereafter be proceeded with ninety days after the execution thereof; and such claims shall thereafter be proceeded with ninety days after the execution thereof claims shall thereafter be proceeded with ninety days and notice by the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect thereto may be given the company of loss in respect theret and reasonable that the said cost of value shall be apportioned or extended over a period of more than one year, this shall be done, and so much of said

Reimbursement for Fire Loss. If during Federal control any of the

received or realized from such assets, pay and charge to the company all expenses arising out of railway operations prior to January 1, 1918, including repa
received or realized from such assets, property described in paragraph (a) of to deduct the amount due to the company for the cost of additions, betterments, replacement thereof or addition or extension thereto the company.

Section 2 hereof or any replacement thereof or addition and betterments not justly chargeable to the been made during Federal control, expenses arising out of railway operations.

Federal Gusvantee to Company. is destroyed or damaged by fire, and is not restored or replaced by the Director-General, he shall reimburse the com-

expenses.

The Director-General shall not be liable to the company for any loss or damage due to the acts of public specific acts.

(f) If any additions, betterments, or extensions are made to the property taken over or any equipment is added at the expense of the company and with the approval or by the order of the Di-

or other contracts involving a facility visions in this section contained are beof operation. The Director-General shall also save the company harmiess from any and all claims for breach of covenant heretofore entered into by the commission which, after hearing, shall make ment in respect to insurance against right may require, which shall be final losses by fire.

Nothing in this or in the preceding be binding on and observed by both

## Section 6-Payment of Taxos.

Sec. 6. (a) All taxes assessed under Federal control shall be considered a part of the cost of such additions, betternents and extensions and shall, under the provisions of paragraph d of section 7 hereof, bear interest as a part of such cost from the date of the comple-tion of such additions, betterments or extensions. Assessments for public im-provements which do not become a part f the property taken over shall bear nterest from the date of the payment of

(c) The Director-General shall either of the Commission in force December 31, 1917, are properly chargeable to "railassessments for which proviste assessments for which provision is made in paragraph (a) of this section. (d) If any such tax is for a period which began before January 1, 1918, or continues beyond the period of Federal

continues beyond the period of Federal control, such portion of such tax as may be apportionable to the period of Federal control shall be paid by the Director-General, and the remainder shall be paid by the company.

(e) Whenever a period for miles

tax is assessed cannot be definitely de-termined, so much of such tax as is pay-able in any calendar year shall be treated as assessed for such year

Section 7-Terms of Compensation December of each year for the quarter ending therewith, except that the first instalment shall be due upon the execuion of this agreement, and shall to all prior instalments then unpaid, but from each instalment there may be de-ducted any amount due by the company under paragraphs (a) and (d) of sec-tion 4 hereof, under paragraph (b) of section 5 hereof, and under paragraph (b) of section 6 hereof, and all as required to reimbures the United States for the cost of additions and betterments eral, and the Director-General may ap- as far as reasonably practicable portion any such amounts to two more subsequent instalments: provided, however, that said power to deduct the cost of additions and betterments not justly chargeable to the United States shall not be so exercised as to prevent the company from paying out the sums required to support its corporate organi-the Director-General shall not be rewhich are for war purposes and not for the normal development of the company nor in respect of road extensions.

cost or value as may be apportioned by the commission over the period subsequent to Federal control shall be normal development of the company, or charged to the company in the final accounting at the end of Federal control tension, the question may be referred to and shall be paid by it. In the event of a difference as to the

Not to Interrupt Dividends. Not to Interrupt Dividends.

hereof shall be returned to the com- ground about to the power provided in this paragraph pany, together with all repairs, re- Scott Field here.

pany the value of the property destroyed or the amount of the damage at the time of the fire and the cost of restoration or replacement or said value or damage, as the case may be, shall be charged to annual railway operating expenses.

The Director-General shall not be obligated to restoration or so use such power of deduction as not to interrupt the resultance of the provisions of section 5 hereof shall govern and except that the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the damage at the by the company to reimburse the United by the correction of the correction of the damage at the by the company to reimburse the United by the correction of th

pany shall not, without prior approval of the Director-General, issue any bonds, notes, equipment trust certificates, stock or other securities, or enter into any contracts (except in respect of corporate affairs and property not taken under Federal control), or agree to pay interest on its debt at a higher rate, or for rent of leased roads and proper-ties a larger amount than the rates and amounts payable as of or required by contracts in force on December 31, 1917. The company may, however, procure the authentication and delivery to it underany mortgage or trust deed or agreement in force December 31, 1917, of bonds or notes issuable thereunder in sions and equipment or for refunding

(d) Upon the cost of additions and stierments, less retirements in connection therewith, and upon the cost of road company during Federal control, the Director-General shall pay the company a reasonable rate of interest to be fixed by him. In fixing such rate he shall take into account not merely the value of money but all pertinent facts and circumstances, whether the money used was derived from loans or other-

#### Section 8-Claims for Losses Additions, Betterments, &c.

Sec. 5. (a) All taxes assessed under Federal or any other Governmental authority for the period prior to January 1, 1918, including a proportionate part ber 31, 1917, for a period which includes any part of 1917 or preceding years, and costing more than \$1,000, with an estimated of the company of the company and the company and the company and the company of the company costing more than \$1,000, with an estimated of the company costing more than \$1,000, with an estimated of the company costing more than \$1,000, with an estimated of the company costing more than \$1,000, with an estimated of the company of the company of the company and the cost of the company Section 8--(a) Prompt notice in writ any part of 1917 or preceding years, and costing more than \$1,000, with an estimate of the cost thereof. Such notice that date, all taxes commonly mate of the cost thereof. Such notice that taxes which have been or shall be given before the beginning of pany, against the objection in writing of the president of or any other duly authorized officer of the company. The conduct of all litigation arising out of such disputed claims shall be in charge of the Director-General's legal force and the expense thereof shall be paid by the Director-General; but the company may at its own expense employ special counsel in connection with any such litigation.

(1) Nothing in this agreement shall be in the cost of the work.

(d) Cash receipts or disbursements and other items arising out of transactions which do not enter into or form a part of those used in determining the company's standard return shall not be received or paid by the Director-General inconducted by his order for account of of the company and with its consent. When moneys are so received or paid by the Director-General inconnection with such corporate transactions they shall be leveled against any property under conformation thereof, and all taxes which have been or may be assessed on property under construction, and all assessments which have been or may be made for month, with a brief description of the accounting rule of the commission in force December 31, 1917, to invest the accounting rule of the commission in force December 31, 1917, to invest the accounting rule of the commission in force December 31, 1917, to invest which have been or may be assessed on property under construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for construction, and all taxes which have been or may be made for under construction, and all taxes which have been or may be made for under construction, and all taxes which have been or may be made for under construction, and all taxes which have been or may be made for under construction, and all taxes which have been or may be made for under construction, and all taxes which have commis vided in paragraph d of section 7 hereof.

Taxes assessed during construction on additions, betterments, extensions made by the company with the approval or by the order of the Director-General during such other officer. loss accruing to it by reason of expendi-

tures for additions and betterments made a part of the work of maintaining, re-pairing and renewing the company's property and chargeable under the ac-counting rules of the Company's force December 31, 1917, to investme or road and equipment except such exentification of buildings and ructures in new location of buildings and fructures in new locations, may be de-ermined by agreement between the Director-General and the Company; or, falling such agreement as to the fact or amount of such loss, the question at issue may be referred by either party to the Commission, whose determination thereof after hearing shall be final and conclusive; provided, however, that no loss shall be claimed by the company and no memory shall be due to it in respect of such additions and betterments upon the ground that the actual cost thereof at iling such agreement as to the fact of ground that the actual cost there the time of construction was greater than under other market and commercial mining such controversy the amount for any addition or betterment shall be Pein objector tried before an American is the first patriotic endeavor of the deemed the fair and reasonable cost court-martial for refusal to wear the fiftieth grand ledge reunion of the liefor such determination; nor unless the company within sixty days of notice to it that the work will be done shall give martial board at Camp Dix to fitteen sion on the pier, to continue the sixty sixty days of notice to been sentenced by the general courties of the pier, to continue the sixty sixty days of notice to been sentenced by the general courties of the pier, to continue the sixty sixty days of notice to been sentenced by the general courties and Protective Order of these company within sixty days of notice to been sentenced by the general courties and protective Order of the company within sixty days of notice to been sentenced by the general courties and protective Order of the company within sixty days of notice to been sentenced by the general courties and protective Order of the company within sixty days of notice to been sentenced by the general courties and the company within sixty days of notice to been sentenced by the general courties and the company within sixty days of notice to been sentenced by the general courties and the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days of notice to be a sentence of the company within sixty days te Director-General notice of obje thereto and shall make its claim within six days after notice of the completion

## Basis for Determining Costs.

(c) Any claim of the company for loss

(e) Whenever a period for which a motive power, cars, or other equipment ax is assessed cannot be definitely depriment of such of such tax as is payble in any calendar year shall be buildings and structures in new locatons, made to or provided for the property of the company during Federal con-rol, may be determined by agreement Sec. 7. (a) The annual compensation between the Director-General and the cuaranteed to the company under section company, or failing, such agreement as ever, to any increase or decrease in the standard return hereafter made by the Commission as provided in paragraph (d) of the preamble of this agreement.

(b) The said compensation shall be claimed by the company and no money shall be due to it in respect of paid to the company quarterly, on the last days of March, June, September and December of each year for the quarter ending therewith, excess of the quarter of the said compensation shall be claimed by the company and no money shall be due to it in respect of such additions, betterments, road extendents.

The board, unaware that it had all other equipment mentioned in the company of the 123d Deposition and was uniformed. Soon after getting his uniform he left commission as provided in paragraph (d) of the preamble of this agreement.

(b) The said compensation shall be claimed by the company and no money shall be due to it in respect of such additions, betterments, road extendents.

The board, unaware that it had all other equipment mentioned in the company of the 123d Deposition and was uniformed. Soon after getting his uniform he left commission as provided in paragraph and the company and the ruaranteed to the company under section company, or failing, such agreement as to the Federal control act shall be the sum of \_\_\_\_\_\_ dollars during each year and pro rata for each fractional part of six months after the end of Federal conno money shall be due to it in respect of such additions, betterments, road extensions, terminals, motive power, cars, or other equipment mentioned in this paragraph upon the ground that the actual cost thereof at the time of construction or acquisition was greater than under other market and commercial conditions, and for the purpose of determining such controversy the amount paid for any additions, betterments, road extensions there are no blanks to camp. At the time there was much comment over the fact that he had asserted that he additions, betterments, road extensions there are no hyphanates and no pro-disc in the Order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the Order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are in the order of Elks are no hyphanates and no pro-disc in the order of Elks. They are i additions, betterments, road extensions, bence not liable to draft.

The charge on which Connolly was folds as the only flag under Go equipment shall be deemed the fair and tried and found guilty by the courttaken as the basis for such determination; nor unless within sixty days after Harold E. Kenyon, to report for fatigue buildings there files a service of duty, and a subsequent order from Capt. for the cost or additions and betterments tion or acquisition written notice is given made to the property of the company to the Director-General by the company uniform.

The Director-General by the company that it will claim a loss in respect the company uniform.

For expressing the wish that the Germans might sink all of the troopships in solid phalanx half a million mans might sink all of the troopships in solid phalanx half a million man might sink all of the troopships in solid phalanx half a million to the property of the company shall state its object. read extensions have been made to, or

company during Federal control but the Director-General shall not be required to give the notice thereof proand conviction. with in the manner provided in para-graph (b) or paragraph (c) of this sec-(e) The Director-General shall reim burse the company for the amount of

with a proper adjustment of interest Section 9-Final Accounting.

United States is further declared to be cept as any part thereof may have been an emergency power, to be used by the destroyed or retired and not replaced, in Director-General only when he finds that which case the provisions of section 5

the regular payment of dividends as pany an equal quantity and quality of materials and supplies of equal relative (c) During Federal control the comsupplies which he received and to the extent that the Director-General does not return such materials and supplies he shall account for the same at prices prevailing at the end of Federal conreceive materials and supplies in excess of those delivered by it to the Director-General it shall account for the same at the prices prevailing at the end of Federal control, and the balance shall be

(c) The total amount of the ac "Net balance receivable from agents and conductors" at the end of Federal control may be turned over by the Director-General to the company. He may also turn over all assets which have accrued out of operation. The company shall in such event realize upon such assets and pay event realize upon such assets and pay on account of the Director-General bills and other obligations, including repara-tion claims which have arisen out of the operation of the property during Federal control, but shall not be compelled to pay on that account an amount in excess of the cash realized from the asset passed over to it by the Director-Gen eral. On the first day of the third month following the termination of Federal control an accounting between the parties shall be had, and so on the first of each third month thereafter. Any balance found due either party shall be payable as of the date on which the account is stated and shall bear interest until paid.

### Cash Capital to Be Replaced.

(d) At the end of Federal control there shall be paid to the company an amount of money equal to the cash working capital without interest received by the Director-General from the company, and also an amount equal to the other cash and special deposits received from the company at the beginning of Federal control, together with any unpaid interest which may have acany unpaid interest which may have acany unpaid interest which may have ac-crued upon the said other cash and de-posits under this agreement. There shall also be paid to the company all special funds which were taken over by the Director-General as enumerated in section 2 hereof, and any funds created under the provisions of this agreement, except to the extent that such funds may have been properly used under agreement. (e) Wherever under any provision of

this section there is to be an adjust-ment of interest it shall be at the rate of 5 per cent, per annum unless the parties shall in any case agree on a

ifferent rate.

(f) After Federal control no claim by or against the Director-General shall be settled by the company against the writ-ten objection of the Director-General or the Attorney-General of the United States. The conduct of all litigation arising out of such disputed claims chall be in charge of the company's legal force to the property of the company during and all expense thereof shall be paid by Federal control in connection with or as the company; but the Director-Genera

In witness whereof these presents have on the day and year first above written been duly signed, scaled and delivered by William G. McAdoo, Director-General of Railroads, and duly signed, scaled and delivered by the Company by

. thereto duly authorized by a vote of the directors of the pany at a meeting duly called an held on ...... 1918, ratified by vote of the stockholders of the company at a meeting duly called and held in .... on the .... day
of ...., 1918, certificates of
which meetings, duly attested by the company's clerk, are hereto attached.

DIRECTOR-GENERAL OF RAILROADS. [Seal of Director-General THE ..... RAILEGAD,

[Company's Seal.]
The above form and the two follow ing blanks indicate the manner in which the Government would prefer to have the contracts executed. If in any case a special stockholders' meeting is im-practicable some other mode of execu-tion, if deemed equally valid, will be accepted.

Call for Stockholders' Meeting Notice is hereby given to the stockholders of the ....... Company that a special meeting of said stock. holders will be held at

ratifying a certain agreement with the Director-General of Railroads relating to operating, compensation other matters connected with or grow-President of the company's railroad and system of transportation and any other business that may properly come before the meeting. Clerk

Certificate of Stockholders' Vote. 

rector-General of Railroads and the company relating to operation, compensation and other matters connected with or growing out of the taking over by the President of the company's by the President of the company's was read, and it was thereupon voted that the same be and hereby is ac-cepted, ratified and approved as the 

to sign the same or a diplicate thereof in the name and behalf of the company, to affix its corporate seal therete and to deliver the same to the rector-General upon receipt of a simfar instrument duly executed Director-General or by his duly au-thorized agent, and that the board of directors may at any time and from time to time alter, amend or add to the terms and provisions of said agreement by a majority vote and an instrument in writing signed by the Director-General or his duly authorized agent and by some offipany thereto authorized by said

# YEARS IN PRISON

CAMP Drx, Wrightstown, N. J., July 8. -Patrick J. Connolly, the first Sinn reconstruction hospital costing 1 aereof and shall be taken as the basis uniform of the United States Army, has nevelent and Protective Order of Ellis. years' confinement at hard labor in Fort the week. Announcement of the mift. De Jay, with forfeiture of all pay and al- second of its kind within a year in the lowances and dishonorable discharge Government, was made to-night in the from the service at the end of his term. annual address of Fred Harper of

The case has been attracting wide in- Lynchburg, Va., Grand Exalted Rulet terest in military circles because Con- Three weeks ago the cornerstons of nolly was defended by William Francis similar institution that will cost \$1.00 Doyle, who was counsel for Sir Roger | 000 was laid in Boston. The second | Casement, condemned to death for to be built in New Orleans as the round reason in connection with German plots of the decision this afternoon. The in Ireland. Major-Gen. Scott has ap- cision was reached after the war n proved the court-martial's findings and commission, which has had charge the prisoner will begin his term in Fort the distribut Jay at once.

Connolly was called in the November | Members of the commission | John Tener, former Governor of Pennsylvania Connolly was called in the November | Tener, former Governor of Pennsylvania | draft from Camden, where he conducted a tailor shop. He was attached to the Fifteenth Company of the 153d Depot Righter and Mr. Harper—will have Fifteenth Company of the 153d Depot Righter and Mr. Harper—will Brigads. There he actually began train-the work along with a second \$1.

martial was that he refused to obey a legiance.

that effect, "to the prejudice of good order and military discipline," Private Nicholas Mitzges, a cook for the medical detachment at the base hospital, was sentenced to serve ten years in prison.

Mitages came from Buffalo last September, and although of German parentage had been regarded as a keed soldler until about the time the U-boats began their attacks on merchant vessels off 40.412 Elks, Pennsylvania, 18.71 the American coast. the American coast. he American coast.
Mitzges suddenly became enthusiastic setts, 25,590; Wash a activities of the submarines Jersey, 21,719; Michigan, 20 de the seditious statements to rado, 14,721, and lows, 14,781 fellow soldiers which led to his arrest

# AIRMAN KILLED IN TAIL SPIN. of which \$8.699,998.83 was the subordinate.

Cadet L. H. Cox of New York Hurt appr as Lieut. Fawcett Dies.

BELLEVILLE, Ill., July 8 .- Lieut Richard H. Pawcett, 22 years old, of Alexandria. To Pay Greeks Hurt in U. S. Miors Section 9—Final Accounting.

See, 9 (a) At the end of the period of Federal control all the property described in paragraph (a) of section 2 hereof shall be returned to the company together with all repairs re.

Section 9—Final Accounting.

Va. was killed to night and Cadet Less Washington. July 8—Payro \$40,000 by the United States to for injuries suffered by Greek citizeness and fell 600 feet to the Company together with all repairs re.

Section 9—Final Accounting.

# ELKS TO GIVE U. S. \$350,000 HOSPITAL

Special Despates to Tue Six ATLANTIC CITY, N. J., July 5 -- A great

ing and was uniformed.

Soon after getting his uniform he left the convention during its meetir camp, returned to Camilen, donned civitions returned to camilen, donned civition in clothes and asked the local board in clothes and asked the grounds of defund that is expected to be create

subordinate lodges from all the last year amounted to \$10.5415 of which \$8.696,992.22 was expended amount to \$32.045,765.65.